First Trust

Market Watch

Week of June 27th

Stock Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Dow Jones Industrial Avg. (11,935)	-0.58%	4.36%	20.66%	14.06%	4.43%
S&P 500 (1,268)	-0.22%	1.80%	20.50%	15.06%	2.53%
NASDAQ 100 (2,217)	1.10%	0.34%	21.14%	20.15%	8.09%
S&P 500 Growth	0.23%	2.29%	22.49%	15.09%	4.63%
S&P 500 Value	-0.69%	1.32%	18.65%	15.13%	0.37%
S&P MidCap 400 Growth	2.00%	6.74%	35.62%	30.65%	8.39%
S&P MidCap 400 Value	0.85%	3.13%	24.76%	22.80%	4.75%
S&P SmallCap 600 Growth	1.89%	6.95%	33.83%	28.43%	6.26%
S&P SmallCap 600 Value	1.12%	-0.05%	22.65%	25.01%	3.17%
MSCI EAFE	-0.77%	0.38%	20.44%	7.75%	1.48%
MSCI World (ex US)	-0.23%	-0.40%	20.08%	11.15%	3.80%
MSCI World	-0.38%	0.85%	20.30%	11.76%	2.07%
MSCI Emerging Markets	1.11%	-1.90%	19.90%	18.88%	12.27%

Source: Bloomberg. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 06/24/11.

S&P Sector Performance

Index	Week	YTD	12-mo.	2010	5-yr.
Consumer Discretionary	1.45%	3.67%	27.72%	27.85%	4.93%
Consumer Staples	-1.64%	5.63%	20.79%	14.12%	8.29%
Energy	-1.35%	4.92%	36.87%	20.46%	7.88%
Financials	-1.01%	-6.89%	5.07%	12.18%	-12.03%
Health Care	-0.31%	11.18%	22.39%	2.90%	5.05%
Industrials	0.27%	3.26%	26.21%	26.74%	2.74%
Information Technology	0.45%	-2.76%	13.12%	10.22%	5.95%
Materials	2.36%	-1.22%	32.60%	22.34%	6.61%
Telecom Services	-0.15%	3.66%	30.57%	18.97%	5.12%
Utilities	-0.63%	6.82%	19.26%	5.46%	4.80%

Source: Bloomberg. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 06/24/11.

Bond Index Performance

Index	Week	YTD	12-mo.	2010	5-yr.
U.S. Treasury: Intermediate	0.39%	3.23%	4.35%	5.29%	6.22%
GNMA 30 Year	0.38%	3.83%	5.45%	6.71%	7.34%
U.S. Aggregate	0.33%	3.64%	5.40%	6.54%	6.83%
U.S. Corporate High Yield	-0.08%	4.37%	14.67%	15.12%	9.33%
U.S. Corporate Investment Grade	0.24%	4.44%	8.57%	9.00%	7.46%
Municipal Bond: Long Bond (22+)	0.40%	6.63%	3.46%	1.12%	3.95%
Global Aggregate	-0.22%	4.26%	10.69%	5.55%	7.37%

Source: Barclays Capital. Returns are total returns. The ***5-yr. return is an average annual.*** One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 06/24/11.

Key Rates

As of 06/24/11

Fed Funds	0.00-0.25%	5-yr CD	1.85%
LIBOR (1-month)	0.19%	2-yr T-Note	0.33%
CPI - Headline	3.60%	5-yr T-Note	1.38%
CPI - Core	1.50%	10-yr T-Note	2.86%
Money Market Accts.	0.62%	30-yr T-Bond	4.18%
Money Market Funds	0.02%	30-yr Mortgage	4.44%
6-mo CD	0.54%	Prime Rate	3.25%
1-yr CD	0.89%	Bond Buyer 40	5.15%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg.

Market Indicators

As of 06/24/11

TED Spread	23 bps
Investment Grade Spread (A2)	190 bps
ML High Yield Master II Index Spread	581 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows for the Week Ended 6/15/11

Estimated Flows to Long-Term Mutual Funds

	Current Week		Previous	
Domestic Equity	-$6.862	Billion	-$5.458	Billion
Foreign Equity	-$463	Million	-$291	Million
Taxable Bond	$2.410	Billion	$5.092	Billion
Municipal Bond	$75	Million	$298	Million

Change in Money Market Fund Assets

	Current Week		Previous	
Retail	$4.77	Billion	$3.04	Billion
Institutional	-$12.93	Billion	-$37.41	Billion

Source: Investment Company Institute

Factoids for the week of June 20th – 24th

Monday, June 20, 2011

The price of an ounce of gold has risen 8.25% to $1,538.60 so far this year, and is 23.3% higher than its closing price on June 17, 2010. The combination of gold's resurgence over the past decade and cutting-edge technology has some miners looking to reopen abandoned mines that were once rich with deposits. GFMS, a London-based mining consultant, notes that the average cost of mining an ounce of gold worldwide is currently $557, according to *Bloomberg Businessweek*. The real opportunity for miners in the U.S., Europe and Canada, however, comes from the steep decline in production from South Africa, where the average miner has to trend deeper underground to reach deposits. South African miners carry a production cost of $776 per ounce, on average.

Tuesday, June 21, 2011

Global spending on prescription drugs/medicines is expected to reach $1.1 trillion by 2015, according to the IMS Institute for Healthcare Informatics. Growth in spending will be highest in emerging countries, which are now being referred to as "pharmerging" markets. Pharmerging markets spent $151 billion on medicines in 2010. That is expected to grow to $285 to $315 billion by 2015. If so, that amount would exceed expected outlays in Europe, and rank pharmerging markets second behind the U.S.

Wednesday, June 22, 2011

Forrester Research expects annual spending by companies on cloud computing to grow to $227 billion by 2020, up from approximately $18.6 billion in 2010, according to MSNMoney.com. A lot of the spending will happen over the next 3-5 years. Bank of America Merrill Lynch estimates that companies will spend $117 billion over that span. In 2010, 124 million adults in the U.S. used at least two devices to connect to the Internet, and that number is expected to grow to 184 million by 2016, according to Forrester.

Thursday, June 23, 2011

The S&P 500, which was up 9.0% in the first four months of 2011, is currently up around 0.8% for the year. The sell-off has caused the trailing 12-month P/E ratio on the S&P 500 to drop from 16.18 (average since 2007) to 14.43, according to Bespoke Investment Group. The forward-looking P/E ratio is 12.77. Historically, P/E ratios usually expand during bull markets as prices rise faster than earnings. Over the past 12 months, earnings have been rising at a pace of about 16%, while the price gain on the S&P 500 has been 17.5%. The four sectors with the steepest declines in their P/Es are as follows (current vs. avg. since '07): Financials (13.20 vs. 19.47); Technology (14.60 vs. 18.85); Materials (15.85 vs. 19.58); and Consumer Discretionary (16.88 vs. 19.52).

Friday, June 24, 2011

A survey from the Barclays Wealth Insight series, which polled 2,000 high-net-worth individuals from around the globe, found that more than 40% of them wish they had more self-control over their financial behavior, according to MarketWatch.com. Barclays' research has found that emotional trading can cost investors up to 20% in returns over a 10-year period. Its data shows that those individuals employing a "concrete strategy" in their decision-making had 12% more wealth, on average, than those individuals with less structure. Two other key findings were that individuals were reacting too much to short-term market moves (blowing up long-term strategies when incurring short-term losses) and a tendency to try to do too much with too little (keeping the bulk of their money ultra-safe where it can't generate much of a return).